

SHOULD I BID THIS JOB?

With average pre-tax profits running around 5% we can't afford to waste time bidding jobs that are high risk and or low reward.

Answering the following 10 questions will help you decide whether you should bid a specific job or not.



By / Ron Coleman

1. Is the job within your level of expertise?

- a. Have you a good track record with this type of work?
- b. Is the job size comfortable for you?

2. Do you have the capacity and resources to complete the job in the expected timelines?

- a. Are the right people available at the right time to do the job?
- b. Do you have the financial resources to support the job taking into account other work?

3. How many others are bidding the job?

- a. Do you know who the other bidders are?
- b. Are you comfortable bidding against them?

4. Where is the job located?

- a. If the job is in a municipality that you are not familiar with is this adding extra risk?
- b. If the job is out of town do you have the resources to measure, monitor and manage it?

5. Is the customer only interested in price or is value a consideration?

- a. If the customer is only interested in the lowest price, why do you think you can make money on it if you are the low bidder?

6. Have you worked with this client before?

- a. How many times have you worked with them?
- b. On a scale of 1 to 10 how would you rank them as an "A" client

7. What is their history in dealing with change orders and schedules?

- a. Do they sign-off on change orders in a fair and timely manner?
- b. Is the schedule reasonable and will you get treated fairly as the schedule changes?

8. What is your financial commitment?

- a. Is the risk/reward fair?
- b. Taking holdback into account when will you be in a positive cash flow on that job?

9. Do you have the time and resources to complete a comprehensive bid?

- a. Are the tender documents complete?
- b. Are they issuing many addendums?
- c. Do you have sufficient time to review the documents, do a site visit and prepare your bid?

10. Can you make a profit on the job?

- a. Will you cover your overhead?
- b. What is your forecasted profit on the job?
- c. Is the job very labour intensive?
- d. Are subtrades a small or large portion of the bid?

Your Plan of Action

Twenty percent of the work you do tends to generate 80% of the profit. Focus on that 20%.

You are in business to make money – make that your focus. ■

Ron Coleman helps make the ownership transition of trade and specialty contracting companies more successful. He ensures that businesses are attractive to buyers so that both seller and buyer enjoy a win-win situation. His book Becoming Contractor of the Year will show you techniques you can use to make more money, have more fun, and make your business more saleable. His book Building Your Legacy has more than 40 great ideas for helping you work smarter, not harder, and create a legacy of which you can be very proud.

Ron is a professional accountant, a certified management consultant, and a professional member of the Canadian Association of Professional Speakers. Need a speaker for your next conference? Give Ron a call. Visit Ron at www.ronaldcoleman.ca and review his other publications and resource materials for contractors.



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